

## For publication

### Collection Fund Revised Estimates 2021/22

<b>Meeting:</b>	Cabinet
<b>Date:</b>	18 January 2022
<b>Cabinet portfolio:</b>	Deputy Leader
<b>Directorate:</b>	Finance

#### **1.0 Purpose of the report**

- 1.1 To agree the revised estimate of the surplus or deficit on the Collection Fund for 2021/22 so that it can be shared amongst the major precepting authorities in 2022/23.

#### **2.0 Recommendations**

- 2.1 That the estimated surplus on the Council Tax of £600,100 be agreed and allocated to the major precepting authorities as detailed in Appendix A.

#### **3.0 Reason for recommendations**

- 3.1 To fulfil a statutory requirement and to feed into the budget setting process for 2022/23.

#### **4.0 Report details**

##### **Background**

- 4.1 The Local Government Finance Act 1992 requires Billing Authorities to calculate the estimated surplus or deficit on the Council Tax elements of the Collection Fund each year.
- 4.2 The Act prescribes that the estimated surplus or deficit should be allocated to the major precepting authorities in proportion to their precepts and that the major preceptors should then take it into account when calculating their Council Taxes for the following financial year.

## **Considerations**

### 4.3 Council Tax Transactions

4.3.1 The estimate of Council Tax income for the year 2021/22 is £56.4m.

4.3.2 The accumulated bad debt provision has been estimated at £2,219,000. This is a prudent estimate and takes into account the ongoing impact of the Covid19 pandemic on household's disposable income and the Coronavirus Job Retention Scheme ending on the 30<sup>th</sup> September 2021.

4.3.3 In setting the Council Tax for 2021/22 it was originally estimated that there would be a deficit from the previous year of £704,062 to allocate. However, at the end of 2020/21 there was deficit of £71,227. The original forecast was based on the level of arrears and the impact of the pandemic on householder's disposable income. However, the outturn position was better than forecast as the impact of Covid19 on disposable income was not as bad as originally anticipated thereby reducing the amount required in relation to the bad debt provision at year end. This was partially due to the Coronavirus Job Retention Scheme operating throughout 2020/21. The difference of £632,835 will be allocated in 2022/23.

4.3.4 The precepts on the fund in 2021/22 total £55.5m.

4.3.5 The net result of the above items is to produce an estimated surplus of £600,100 on the Fund at 31st March 2022. Appendix A shows how the surplus is to be shared between the major precepting authorities. The majority (72.99%) goes to the County Council. The Borough Council receives 10.08% of the surplus i.e. £60,490.

4.3.6 Due to the Covid 19 pandemic, there is a requirement to spread the deficit relating to 2020/21 over 3 financial years from 2021/22 to 2023/24. As a result, a deficit of £221,616 will be recovered from preceptors in 2022/23. The Borough Councils share will be £22,383.

## **5.0 Alternative options**

5.1 None.

## **6.0 Implications for consideration – Financial and value for money**

6.1 Financial and value for money implications are detailed in sections 4 to 5.

## **7.0 Implications for consideration – Legal**

7.1 The Local Government Finance Act 1992 requires Billing Authorities to calculate the estimated surplus or deficit on the Council Tax elements of the Collection Fund each year.

## **8.0 Implications for consideration – Human resources**

8.1 There are no human resource implications to consider in this report.

## **9.0 Implications for consideration – Council plan**

9.1 There are no Council Plan implications to consider in this report.

## **10.0 Implications for consideration – Climate change**

10.1 Individual climate change impact assessments are not required for the budget process. These are included as part of the decision-making processes for specific spending options.

## **11.0 Implications for consideration – Equality and diversity**

11.1 Individual equality and diversity impact assessments are not required for the budget process. These are included as part of the decision-making processes for specific spending options.

## **12.0 Implications for consideration – Risk management**

12.1 There are a number of significant risks inherent in any budget forecasting exercise. The most significant budget risk currently is the ongoing impact of Covid19 and the council's ability to collect Council Tax.

### **Decision information**

<b>Key decision number</b>	<b>1070</b>
<b>Wards affected</b>	<b>All</b>

### **Document information**

<b>Report author</b>
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Richard Staniforth, Deputy Chief Accountant, Finance.

**Appendices to the report**

Appendix A

Revised Collection Fund Estimates 2021/22